

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7476

BILL NUMBER: HB 1656

NOTE PREPARED: Jan 14, 2009

BILL AMENDED:

SUBJECT: State and Local Highway Funding.

FIRST AUTHOR: Rep. Austin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ GENERAL
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill redirects certain highway money from funds dedicated to state highway uses to funds dedicated to local highway uses for the period ending June 30, 2011.

It requires that federal funds distributed to the state as part of an economic stimulus effort by the federal government to revive the United States economy must be appropriated by the General Assembly before they may be expended.

The bill also makes an appropriation for numerous transportation projects.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The bill requires any federal stimulus funds received by the state be appropriated by the General Assembly.

The bill also makes appropriations from the Major Moves Construction Fund for FY 2010 and FY 2011 to the Indiana Department of Transportation (INDOT) for various transportation projects. The appropriations are to be equal to the balance of the Major Moves Construction Fund that has not been dedicated to a particular Major Moves Construction project as of July 1, 2009. The bill also terminates the appropriation for certain other projects funded from the Major Moves Construction Fund. The balance of the Major Moves Construction Fund at the end of FY 2008 was approximately \$2.4 B. After deducting current statutory obligations and appropriations, there could be \$1.5 B available for these new appropriations.

Explanation of State Revenues: *Two-Year Redirection of Certain Highway Funds-* The bill also redistributes certain highway fund revenues between INDOT and local units. The bill is estimated to result

in a reduction of highway funds to INDOT of about \$245 M in each of FY 2010 and FY 2011 and an increase in distributions to local units of about \$245 M in those same years.

Background Information- This bill redirects money from the Motor Vehicle Highway Account Special Distribution Account (a total of \$50 M annually) from 40% to INDOT and 60% to local units to 100% to local units. Local units are estimated to receive an additional \$20 M in each of FY 2010 and FY 2011, while INDOT's distribution will be reduced by \$20 M in each of those years.

In addition, the bill redirects funds from the Motor Fuel Tax and the Special Fuel Tax. The bill changes the relative distributions going into the Motor Vehicle Highway Account and the Highway Road and Street Account (HRSA). The bill also alters the distribution of the HRSA between INDOT and local units. As a result, based on FY 2008 revenues of approximately \$626.9 M, INDOT's funding will be reduced by about \$225 M in each of FY 2010 and FY 2011. Local units are estimated to have an increase in funding of about \$225 M for those same years.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*

State Agencies Affected: Department of Transportation.

Local Agencies Affected: Recipients of MVHA and Local Road and Street Account distributions.

Information Sources: FY 2008 revenues as reported by the Auditor of State.

Fiscal Analyst: James Sperlik, 317-232-9866.